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Fitchburg Gas and Electric Light Company

Exhibit 1

ATTACHMENT 1

SUMMARY STATEMENT AND SUMMARY EXPLANATION

D.P.U. 85-189 Requirement 1: Documentation of approval of all ECS program components before the submission of the annual budget proposal to the Department.

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ATTACHMENT 1-1

SUMMARY STATEMENT PURSUANT TO DOER REQUEST

The Division of Energy Resources (DOER) is proposing to amend the Residential Conservation Service Program (225 CMR 4.00) and rescind the Multifamily Building Program (225 CMR 5.00) regulations. The new regulations will be submitted to the legislature this fall. Electric and gas investor owned utilities within Massachusetts have participated in the development of the amended regulations and support the rescission of the Multifamily Building Program. The DOER is also encouraging, and the utilities support, a more market-based, competitive residential energy service under the revised RCS regulations.

Based on a draft provided for public comment by the DOER, the new proposed regulations will encourage more flexible and efficient customer services by not requiring a site visit for all customers who participate in the program. It is anticipated under the redesigned RCS program, that customers will receive assistance and access to technical information, self-audit

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tools, and on-line resources during their initial telephone contact. This educational and audit screening process will be called Tier One Services.

The revised RCS program will also offer Tier Two In-Home Services. The purpose of this Second Tier effort is an increased emphasis on measure implementation and cost-effectiveness in order to increase customers', and therefore, the overall programs', energy savings. The new regulations propose the provision of Fuel Neutral Rewards, which is funding to assist customers in paying for the installation of energy efficient measures. Better integration of the RCS program with other energy efficiency programs will increase customer convenience and support market development. The shift in emphasis toward energy savings results and away from numerical audit goals is also appropriate.

Under the revised RCS program, the DOER will require that the utilities submit a Coalition Action Plan (CAP) once regulations and guidelines have been established. The CAP has been defined by the DOER as a complete plan for program implementation, developed jointly by a broad-based coalition, that complies with the State Plan and program requirements. The CAP will be designed such that residential customers experience the full offerings of services, audits, Fuel Neutral Rewards, and energy efficiency programs as a unified program. The CAP will include an introduction, budget section, and sections on marketing, appropriate Tier One Services, appropriate Tier Two In-Home

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Services, other program outcomes, and coordination with the low-income energy efficiency services network.

Until the DOER approves the CAP, the electric and gas utilities will continue with their existing RCS programs, with some pilot efforts to test new ways of delivering services to customers.

Pursuant to DOER's instructions, Table 2 attached hereto summarizes the Company's FY2001 RCS Budget and Table 3 describes which items in such FY2001 budget are outsourced and which items are conducted in-house.

This Summary Statement is being provided with all electric and gas companies' CY2001 RCS program filings pursuant to the instruction of the DOER. Given the ongoing transition of the RCS program and the pending finalization of new RCS regulations, the DOER has directed such companies not to file CY2001 utility implementation plans (UIPs) as in past years. Accordingly, this Summary Statement is being provided in lieu of a final UIP solely for this transitional period. After new RCS regulations and a CAP are adopted, the participating utilities will advise the Department and may propose appropriate adjustments to the CY2001 budgets and surcharges set forth in this filing.

ATTACHMENT 1-2

SUMMARY EXPLANATION

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FG&E's ELECTRIC ECS/RCS PROGRAM BUDGET

Pursuant to Chapter 164 of the Acts of 1997, the Massachusetts' Electric Industry Restructuring Act (the Act), FG&E recovers all costs and expenses associated with its electric energy efficiency (EE) programs, including the state-mandated Energy Conservation Services (ECS) program, through pre-determined \$/kWh charges. As a result, budgets for all of the Company's electric EE programs, including the ECS are determined as part of its overall electric EE planning process. FG&E is currently working with staff from the Division of Energy Resources and other non-utility parties to define its EE programs and budgets for Program Years 2000 through 2002(1). Once the parties reach agreement, FG&E intends to file its 3-Year Energy Efficiency Program Plan with the Department for approval.

For consistency with prior ECS filings, the Company has included a preliminary budget for the electric portion of its ECS program set at a level consistent with prior years. This budget is intended to be informational. FG&E is not seeking approval of the electric ECS budget as part of this filing nor is it seeking to establish an electric ECS charge.

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ATTACHMENT 2

SUMMARY OF BUDGET

D.P.U. 85-189 Requirement 2: Cost information provided on a programmatic basis similar to that provided by MSI in Exhibit MSI-40 in this proceeding.

Attachments 2-1 through 2-4 provide the support for FG&E's proposed Gas Division ECS budget of \$4,777.

Attachment 2-1 presents the Total Company ECS Operating Budget for CY 2001. As described in Note A, FG&E's approved CY 2000 ECS budget was the starting point for the derivation of FG&E's CY 2001 ECS budget. Line 7, Total operating ECS budget of \$72,912,

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is detailed on Attachment 2-2. The Company has included Marketing expenses on line 8, based on actual CY 2000 invoices. On line 9, the Company has included Miscellaneous expenses using the same budget amount approved in CY 2000. The grand total ECS operating budget is \$82,368.

Attachment 2-2 provides FG&E's CY 2000 ECS budget, which was \$75,455. The per unit cost equates to \$160.64, as shown on line 42. The Company's ECS provider, Conservation Services Group, Inc. (CSG), provided FG&E with an estimate of \$155.00 per unit cost for purposes of this filing. CSG also recommended that FG&E use the same number of goals included in its CY 2000 approved budget. Therefore, FG&E has simply reduced the ECS Overhead, line 1, to reduce the overall unit cost. The CY 2001 ECS budget is \$72,912 as shown on line 45, as well as on line 7 of Attachment 2-1.

Attachment 2-3 shows the derivation of the Company's proposed Gas Division budget of \$4,777. The Company's total budget was allocated to Gas Only customers based on the ratio of Gas Only customers to total. This allocation is consistent with that used in FG&E's November 12, 1999 ECS Surcharge Filing CY 2000,

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approved on December 30, 1999.

Attachment 2-4 provides the data used to derive the ratio used in Attachment 2-3 to allocate the budget to Gas Only customers.

ATTACHMENT 3

CY 2000 APPROVED PETITION AND GOALS

D. P. U. 85-189 Requirement 3: A description of the different program components outlining in detail the relationship and compliance with EOER goals and regulations.

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As discussed in Attachment 2, FG&E assumed the same number of goals for CY 2001 as approved in its CY 2000 budget. The components of the program and goals are detailed on Attachment 2-2.

Attached, please find a copy of Fitchburg Gas and Electric Light Company's stamped Petition for Approval of Energy Conservation Service Program Budget and Recovery of Program Operating Costs from D.T.E. 99-94-G.

ATTACHMENT 4

Utilization of Contractors for CY 2000

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D.P.U. 85-189 Requirement 4: All agreements with all contractors during the preceding fiscal year, including a list of services each contractor provided, a detailed cost breakdown and a statement of amounts by line item account number of costs represented within the contract payments.

The following contractor provided services under the ECS Program during the current calendar year. A brief explanation of the services provided by the contractor is included, as well as a signed contract.

1. Conservation Services Group (CSG)

A. Services Provided:

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CSG provided program management, telemarketing, marketing and audit equivalent service delivery for the ECS 1-4 unit program and the multi family audit program operated by the Company during 2000.

CSG also provides the Company with "piggy-back" DSM services during the delivery of the ECS program.

B. Selection Process:

Since 1990 Fitchburg Gas and Electric Light Company (FG&E) has contracted with MASS-SAVE, Inc. for the delivery of the ECS Program. Upon the merger of MASS-SAVE, Inc. and CSG in Jan. 2000, FG&E executed a Service Contract with CSG for the provision of ECS services.

CSG possesses sufficient technical competence and the ability to provide all ECS services, therefore the Company did not go through a selection process.

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C. Invoices:

This information has traditionally been filed with Fitchburg Gas and Electric Light Company's Energy Conservation Service Charge rate filing, to be filed this year on November 17. In keeping with the format of that filing, this information will again be provided therein.

ATTACHMENT 5

Utilization of Contractors for CY 2001

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D.P.U. 85-189 Requirement 5: All agreements with all contractors for the future fiscal year including those arrangements which have not yet been finalized but have been included in the budget assumptions.

The following contractor will provide services under the ECS Program during the future calendar year 2001. A brief explanation of the services provided is included.

1. Conservation Services Group (CSG)

A. Services Provided:

CSG will provide program management, telemarketing, marketing and audit equivalent services delivery for the ECS 1-4 unit program and the multifamily audit program operated by the Company during 2001.

CSG will provide the Company with "piggy-back" DSM services during the delivery of the ECS program during 2001.

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B. Selection Process:

Since 1990 Fitchburg Gas and Electric Light Company (FG&E) has contracted with MASS-SAVE, Inc. for the delivery of the ECS Program. Upon the merger of MASS-SAVE, Inc. and CSG in Jan. 2000, FG&E executed a Service Contract with CSG for the provision of ECS services.

CSG possesses sufficient technical competence and the ability to provide all ECS services, therefore the Company did not go through a selection process.

ATTACHMENT 6

STATEMENT JUSTIFYING THE SELECTION OF EACH CONTRACTOR

D.P.U. 85-189 Requirement 6: A quantitative and qualitative statement justifying the selection of each contractor, including a quantitative and qualitative assessment of all alternative options considered.

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As the Company has described in Attachments 4 and 5, it has contracted with MASS-SAVE, Inc. (now CSG) since 1990 for the delivery of the ECS Program. Because the Company believes CSG to possess sufficient technical competence and the ability to provide all ECS services, the Company has not gone through a selection process.

ATTACHMENT 7

COST-BENEFIT ANALYSIS

D.P.U. 85-189 Requirement 7: A cost-benefit analysis of the mix of program information components which provide information on the ECS program and stimulate audit requests, including an assessment of low-cost options such as coordinating efforts through community energy groups; such analysis should provide quantitative and qualitative information on each chosen

component and all options.

The Company's marketing efforts for the ECS program include bill inserts and the posting of a flyer at the Company's Fitchburg office and customer call center office in Concord, NH.

The Company does not maintain detailed records concerning marketing results, however, direct marketing of the ECS program generally results in the majority of the audits performed.

ATTACHMENT 8

BREAKDOWN OF EXPENSES

D.P.U. 85-189 Requirement 8: A breakdown of actual and estimated expenses of the preceding fiscal year on a line item account

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basis.

This information has traditionally been filed with Fitchburg Gas and Electric Light Company's Energy Conservation Service Charge gas rate filing, to be filed this year on November 17. In keeping with the format of that filing, this information will again be provided therein.

ATTACHMENT 9

JUSTIFICATION OF ALL EXPENSES THAT EXCEED BUDGETED AMOUNTS

D.P.U. 85-189 Requirement 9: A justification of all expenses that exceed budgeted amounts.

None of Fitchburg Gas and Electric Light Company's expenses for CY 2000 Energy Conservation Service exceeded budgeted amounts.

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ATTACHMENT 10

WRITTEN DESCRIPTION OF EACH ACCOUNT

D.P.U. 85-189 Requirement 10: A written description of each account updated for each fiscal year as necessary.

Fitchburg Gas and Electric Light Company has a total of three (3) expense accounts for the Energy Conservation Service Charge. The expenses and costs attributable to providing any services under the Energy Conservation Service are expensed within Account 916-Miscellaneous Sales Expense.

Account 916-01 is for administrative salaries in connection with the ECS program.

Account 916-02 is for ECS general expenses, such as filing fees and costs of publication of required notices.

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Account 916-03 is for third party ECS expenses (CSG expenses).

The budget for Accounts 916-01 and 916-02 are shown on line 9 of Attachment 2-1 and line 10 of Attachment 2-3. All other line items on Attachment 2-1 and Attachment 2-3 pertain to Account 916-03.

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1 The Act established a schedule for electric companies to file energy efficiency plans. An initial 5-Year Plan was to be filed in 1998 which provided detailed program information and budgets for 1998 and 1999 and summary information for the remaining three years. During 2000, a 3-Year Plan was to be filed providing detailed information for 2000, 2001 and 2002.

During 1998, FG&E filed its 5-Year Plan, docketed as D.T.E. 98-48/49, as required. Although it received interim approval to implement its proposed programs, the Company has an appeal pending regarding continued recovery of Lost Base Revenue and has not received a final Order. Despite the outstanding issue, the Company is working with the DOER and various non-utility parties to develop program designs and budgets for its 3-Year plan.

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